



## **Town of Eagle**

### **Local Employee Residency Program (LERP)** **Housing Guidelines**

Updated October 2024

#### **Table of Contents**

<u>Definitions</u>	<u>page 2</u>
<u>Section 1: Introduction</u>	<u>page 3</u>
<u>Section 2: Types of Units</u>	<u>page 3</u>
<u>Section 3: Qualifying for a LERP Unit</u>	<u>page 4</u>
<u>Section 4: Development of LERP Units</u>	<u>page 5</u>
<u>Section 5: Buyer and Renter Selection Process</u>	<u>page 7</u>
<u>Section 6: Resale of LERP Units</u>	<u>page 9</u>
<u>Section 7: Occupancy Requirements</u>	<u>page 12</u>
<u>Section 8: Compliance</u>	<u>page 13</u>



## **DEFINITIONS**

**Area Median Income (“AMI”).** The estimates of median household income compiled and released annually by the U.S. Department of Housing and Urban Development.

**Base Price.** The initial price of a LERP unit set by the developer upon sale, which may appreciate over time, and which includes the garage, lot premium, and other developer inclusions.

**ECAHGAP.** The Eagle County Affordable Housing Guidelines: Administrative Procedures.

**Homeowners’ Association (HOA).** An organization comprised of owners concerned with managing the common areas of a subdivision or condominium complex, which is responsible for enforcing Covenants, Conditions & Restrictions (CC&Rs) that apply to the property.

**Household.** All individuals who will occupy a unit regardless of legal status or relation.

**Individual with a disability.** An individual who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such impairment.

**Initial Sales Price.** The maximum price for which a Price Capped Unit may be initially sold, as provided for in these Guidelines.

**Land Use and Development Code.** Title 4 of the Eagle Municipal Code.

**Maximum Rental Rate.** The maximum monthly rent payment for a Rent-Capped Unit, as provided in these Guidelines. All ongoing fees required to be paid by the resident (including without limitation utilities and mandatory parking fees) may be included within the Maximum Rental Rate.

**Maximum Resale Price.** The maximum price of a Price-Capped Unit, as determined by these Guidelines.

**Owner.** The Owner of record according to the Clerk and Recorder of Eagle County during their period of ownership interest.

**Permitted Capital Improvements.** Certain improvements made to a LERP unit that may be included in a seller’s Maximum Resale Price, as determined by these Guidelines.

**Principal Place of Residence.** The home or place in which one’s habitation is fixed, and to which one has a present intention of returning after a departure or absence therefrom. In determining what is a Principal Place of Residence, the Program Administrator shall consider the criteria set forth in C.R.S. § 31-10-201(3), as amended.

**Principal Place of Business.** The physical address (not a P.O. Box) of a business, company, corporation, or similar entity, as indicated in the entity’s corporate documents.

**Program Administrator.** The entity or individual appointed by the Town to administer the Local Employee Residency Program and Housing Guidelines.

**Qualified Employer.** A corporation, limited liability company or other entity with a Principal Place of Business in Eagle County that employs employees within Eagle County, and that pays taxes in Eagle County.

**Resident.** An individual who occupies a residential dwelling unit as their Principal Place of Residence.

## **SECTION 1: INTRODUCTION**

### **PURPOSE**

The primary goal of the Local Employee Residency Program (“LERP”) is to provide housing that supports Town of Eagle (“Town”) residents, workforce, and businesses. LERP cultivates sustainable community growth by fostering economic and social diversity, ensuring long-term affordability, and providing housing for the local workforce.

### **APPLICABILITY**

These LERP Housing Guidelines (the “Guidelines”) govern the development of, admission to, and occupancy of LERP units in Eagle and apply to all for-sale and for-rent residential development that is approved after the date of the Guidelines’ adoption. The Town Council reserves the right to negotiate with developers outside of the Guidelines. The Guidelines provide the technical procedures for developing, purchasing, owning, selling, and renting LERP units. The Guidelines should be read in conjunction with the Town’s Land Use and Development Code (the “LUDC”). The Guidelines include specific eligibility criteria, AMI levels, pricing, sale and leasing procedures, and other information relevant to the development and operation of LERP units.

### **ADMINISTRATION**

The Guidelines shall be administered by the Program Administrator. The Guidelines may be updated periodically based on the current real estate market, area median income, and the most recent affordable housing data for the Town.

The Town recognizes that LERP units are a valuable community resource. For this reason, housing units that are constructed or provided through the LERP program shall include individual deed restrictions that must be recorded at closing and run with the land in perpetuity. If a discrepancy exists between these Guidelines and a recorded deed restriction, the recorded deed restriction will control.

## **SECTION 2: TYPES OF UNITS**

There are four primary types of LERP units in the Town: (1) for-sale price-capped units (“Price-Capped Units”); (2) rental units with rent caps (“Rent-Capped Units”); (3) for-sale units that must be occupied by residents but are not price-capped (“RO For-Sale Units”); and (4) rental units that must be occupied by residents, but are not rent-capped (“RO Rental Units”). All units have residency and employment requirements designed to ensure the housing supports a local workforce.

## **PRICE-CAPPED AND RENT-CAPPED UNITS**

Price-Capped and Rent-Capped units provide housing that is affordable for low-to-middle AMI households and preserve the affordability of such housing while providing appropriate reimbursement for capital investments upon resale.

### **MAXIMUM INITIAL SALES PRICE**

The Maximum Initial Sales Price of Price-Capped units shall be set no higher than a price affordable to households earning 140% of AMI. The units shall be priced in a spectrum of prices consistent with unit size, location, and market demand. Price-Capped units should come to market proportionately with free market units.

### **MAXIMUM RENTAL RATES**

Maximum rental rates for Rent-Capped units shall be set no higher than a price affordable to households earning 80% of AMI, based on unit type.

## **RO FOR-SALE UNITS AND RO RENTAL UNITS**

The purpose of RO For-Sale Units and RO Rental Units is to provide housing to local employees that occupy the units as their Principal Place of Residence without limiting the sale price or the rental rate.

### **OPEN MARKET PRICING**

The sale price and rental price are not restricted or limited and shall be determined by the owner. For new residential development, the developer generally sets the Initial Sales Price.

## **SECTION 3: QUALIFICATION**

### **OCCUPANCY**

Each LERP unit shall be occupied by a Qualified Household.

A Qualified Household must meet the following criteria:

- At least one member of the household is at least 18 years of age.
- At least one member of the household currently maintains a Principal Place of Residence in Eagle County or is actively seeking to establish a Principal Place of Residence in Eagle County.
- At least one member of the household is employed full-time by a Qualified Employer, which means that the individual works an average of 30 hours per week for such Qualified Employer, earns 75% of their income from such Qualified Employer or has been hired by a Qualified Employer on a permanent basis to work at least 30 hours per week for such Qualified Employer and earn at least 75% of their income from such Qualified Employer.

A Qualified Household also includes a household with at least one member of the household qualified at the time the unit was initially leased or purchased, but then retired while owning or renting the property; was 60 years of age or older at the time of retirement, and for the 5 years immediately prior to retirement, worked an average of 30 hours or more per week at a Qualified Employer; or

A household with at least one individual with a disability who had been a full-time employee in the Town or Eagle County a minimum of 2 years immediately prior to their disability or has been granted an exception to the minimum of 30 hours per week to continue with a federal or state disability benefit program, or as qualifying programs allow.

#### **OWNERSHIP BY A QUALIFIED EMPLOYER**

A Qualified Employer is eligible to own LERP units as long as they comply with the Occupancy Requirements.

#### **FOR-SALE UNIT APPLICATION PROCESS**

Prospective buyers must apply to the Program Administrator to certify eligibility prior to submitting an offer to purchase the unit. All claims shall be verified by the Program Administrator. Claims of residency or employment that cannot be verified will not be considered.

Prospective buyers must be pre-qualified by a lender prior to submitting a bid. Co-signers (persons providing security or assuming partial responsibility for the loan) may be approved for ownership of the unit but shall not occupy the unit unless qualified by the Program Administrator. An additional document will be required for the co-signer to sign at the time of closing and will be provided by the Program Administrator.

#### **CERTIFICATION**

Following employment and residency verification, the applicant will receive a notice stating: (1) they are eligible to purchase or rent a unit; and (2) a priority number. This letter also serves as notification that the applicant is eligible to participate in a drawing, which may be conducted if necessary to sell or rent the unit.

#### **RENTAL APPLICATION PROCESS**

Prospective tenants must meet all other requirements of the deed restriction. The property manager must document how eligibility was verified and must keep a record of any documents supporting the eligibility determination.

#### **OWNERSHIP OF OTHER REAL PROPERTY**

No individual member of a Qualified Household may own any interest in improved real property in Eagle County as of the date of purchase of a unit. Should this conflict arise, the individual member of the Qualified Household must sell or convey the property within 180 days of the purchase of the unit.

#### **NON-DISCRIMINATION POLICY**

In its activities and operations, the Town does not discriminate on the basis of race, color, religion (creed), gender, age, national origin (ancestry), disability, marital status, sexual orientation, military status, genetic information, or any other characteristic protected under applicable federal, state or local law.

## **SECTION 4: DEVELOPMENT OF LERP UNITS**

### **LERP PLAN**

For any land use application to be deemed complete, the applicant shall submit a clear, concise, and complete LERP plan (the "Plan").

At a minimum, the Plan must contain the following information, as applicable:

- Total estimated amount of square footage in the residential development.
- Total estimated number of market rate and LERP units (price capped and/or non-price capped).
- Details regarding how the Guidelines will be met, including unit types, square footage per unit, number of bedrooms per unit, targeted income category, and Initial Sales Prices.
- Estimated average lot size of proposed market rate and LERP units as applicable.
- Estimated location of proposed LERP units within the project, by unit type and size.
- Estimated proposed production schedule of market rate and LERP units, including issuance of building permits or other acceptable triggers.
- Computation which clearly delineates how the average cost of the LERP units satisfies the affordability requirement specified within the Guidelines.
- Any proposed alternative methods of compliance with these Guidelines.
- And any other information deemed to be relevant by the Town.

The Plan will be attached to the Development Agreement and must be approved by the Town Council. Any amendment to the Plan will constitute an amendment to the Development Agreement and will require Town Council approval.

### **DEED RESTRICTION**

Prior to application for a building permit, an approved deed restriction shall be recorded against the property. For multi-family, when the subdivision plat is recorded an approved deed restriction will immediately be recorded against the property. Such deed restrictions shall not be subject to any recorded liens or encumbrances.

### **INITIAL SALE OF LERP UNITS**

The developer is responsible for the marketing and initial sales of the LERP units within its project, or it may choose to coordinate with the Program Administrator. The Program Administrator shall have the right to review the terms of each sale for compliance with the Guidelines.

### **INITIAL SALES PRICE CONFIRMATION**

Because approval processes can take time and Initial Sales Prices may change, the applicant is responsible for obtaining a sales price confirmation for the LERP units at least 30 days before submitting a building permit application. For multi-family, the Initial Sales price shall be confirmed no later than approval of the Final Plat that creates the individual multi-family units. If

there are changes to the published Initial Sales Price after the confirmation is issued, the developer may request a new confirmation; however, the Program Administrator reserves the right to refuse such requests.

An issued sales price confirmation is valid for 120 days. If a LERP unit is not sold at the Initial Sales Prices within this period, the price may be re-evaluated and adjusted to be more appealing to moderate-income households. Adjustments will only occur if factors like median income, interest rates, or similar conditions change to merit an adjustment.

### **UNIT MIX AND SIZE**

While there are no specific bedroom mix or size requirements for LERP units, the applicant is expected to analyze market demand and to propose a mix that is responsive and appropriate to that demand.

### **PRODUCTION SCHEDULE**

All LERP units must be provided prior to, or concurrently and proportionally with, the production of market rate housing. The production schedule shall clearly delineate the expected start and completion dates of all units.

### **MARKETING PROCESS**

At least 60 days before starting the marketing program, the developer must provide a schedule which indicates when the LERP units will be available for sale. This schedule should include the start of pre-marketing activities, potential availability of a model unit (if applicable), unit details (type, bedroom configuration, square footage), addresses (if applicable), and sales price. The developer must conduct a good faith marketing effort to attract qualified buyers. When potential buyers are identified, their names and qualification information shall be submitted to the Program Administrator for review. The developer can only execute a sale contract for a LERP unit after the Program Administrator certifies potential qualified buyers and, if necessary, determines their priority.

### **INITIAL PURCHASE BY ENTITY**

When authorized in writing by Town Council, the developer may market and sell entity-owned Price Capped Units or RO For-Sale Units to a Qualified Employer at initial sale. The Developer should articulate whether entity-owned units align with the greater mission, vision, and goals of its project. Authorization will be determined by Town Council on a project-by-project basis and will be memorialized in the deed restriction. The appropriate development approval document(s) shall specify:

1. Which units (types, price points) are eligible for entity-ownership;
2. The maximum number or percentage of units eligible for entity-ownership; and
3. A prioritization model which would apply during the entity-buyer selection process.

## **SECTION 5: BUYER AND RENTER SELECTION PROCESS**

### **BUYER SELECTION PROCESS**

If more than one qualified bid is received during any bid period, the bids will be prioritized according to the criteria described in these Guidelines. Within 7 days of the date on which the application window closes, the Program Administrator will verify the eligibility of each applicant and publish a final list of

qualified applicants. By applying the Selection Priority Criteria outlined below and, as needed, a weighted drawing, the Program Administrator will then select a Qualified Household.

- **SELECTION PRIORITY CRITERIA**

The following criteria and points structure will be used to select a Qualified Household. Points will not be combined for joint applicants. "Working full-time" means an individual is working a minimum average of 30 hours per week or a total of 1,569 hours per calendar year and earning 75% of their income and earnings at such work, or has been presented with a job offer for such work.

Priority 1: A Qualified Household with an individual who is currently employed by Town.

Priority 2: A Qualified Household with an individual who is working full-time in the Town and maintaining a Principal Place of Residence in the Town.

Priority 3: A Qualified Household with an individual who is working full-time in the Town, but not maintaining a Principal Place of Residence in the Town.

Priority 4: A Qualified Household with an individual who is working full-time in Eagle County and maintaining a Principal Place of Residence in the Town.

Priority 5: A Qualified Household with an individual who is not employed in the Town or maintaining a Principal Place of Residence in the Town but maintaining a Principal Place of Residence in Eagle County.

Priority 6: A Qualified Household with an individual who is not working full-time in the Town or Eagle County and does not maintain a Principal Place of Residence in the Town or Eagle County, but only if a LERP unit has been actively listed for sale for at least 30 days.

- **QUALIFIED EMPLOYER OWNERSHIP**

A Qualified Employer may apply for the purchase of a LERP unit. A Qualified Employer with a Principal Place of Business in the Town will be given priority over a Qualified Employer with a Principal Place of Business outside of the Town.

- **ADDITIONAL POINTS**

Should multiple qualified applicants meet the priority requirements outlined above, selection may be further weighted with points as outlined below. Each applicant will receive one additional entry in the drawing for each additional point.

1. Local Government and Nonprofit Partners. 5 points if at least one member of the Qualified Household works an average of at least 30 hours per week for an agency or nonprofit whose principal place of business or the facility the applicant regularly reports to for work is located in the Town.
2. Years of Employment. 1 point for each calendar year that at least one member of the Qualified Household held full-time employment in the Town.

3. Years of Residency. 1 point for each calendar year that at least one member of the Qualified Household has maintained a Principal Place of Residence in the Town, determined pursuant to the criteria set forth in C.R.S. § 31-10-201(3), as amended.
4. Local Student. 1 point if at least one member of the Qualified Household is currently enrolled in an institute of higher education or technical training certification program in Eagle County.
5. A Qualified Household in an existing LERP unit will receive 1 point.

- **RANDOMIZED DRAWING**  
If any applications are tied after first following the Selection Priority Criteria, then applying any Additional Points, the Program Administrator will conduct a randomized drawing of the tied applicants. Each Applicant may witness the drawing.
- **NOTICE OF AWARD**  
The Program Administrator shall immediately contact the selected Qualified Household who will have 7 days to execute the purchase and sale contract. If there is no response from the Qualified Household within 7 days, the next in line will have the option to purchase, under the same circumstances as the first. The process continues until the unit is under contract for purchase. The Program Administrator may simultaneously notify the first, second, and third runners-up for purposes of speeding up the purchase process, however, the timelines for response outlined above will be maintained.
- **ADDITIONAL TERMS**  
The Program Administrator will not accept or enter any incomplete Homebuyer Application Form. It is the responsibility of the applicant to submit a complete application with updated documentation and to contact the Program Administrator to ensure it is complete and accepted. There will be no consideration for those who do not meet the definition of Qualified Household. The ability to purchase the unit with cash has no relevance to the selection process.

#### **RENTER SELECTION PROCESS**

Rental units do not require a bid process or randomized drawing, as long as the owner or property manager verifies that the prospective tenant is a Qualified Household. Documentation of the verification must be submitted to the Program Administrator. Prospective tenants will be prioritized following the Buyer Selection Criteria outlined above, except for Qualified Employer owned units. Qualified Employer owned units may prioritize their own employees first.

### **SECTION 6: RESALE PROCESS**

Unless otherwise provided by the deed restriction, the unit must be registered for sale with the Program Administrator. Following registration, the seller may elect to use the Program Administrator or a licensed Colorado real estate broker who is a member of the Vail Board of Realtors as the Sales broker for the unit, as further described in the deed restriction.

#### **LISTING THE UNIT**

An owner who wishes to sell their unit must follow these steps:

1. Execute a standard Listing Contract on forms approved by the Program Administrator.
2. Consult with the Program Administrator to review the deed restriction recorded against the unit to determine Maximum Resale Price and other applicable provisions concerning a sale.

The Program Administrator or broker shall administer the sale in accordance with the Guidelines in effect at the time of listing.

All sellers and purchasers may consult legal counsel regarding examination of title and all contracts, agreements, and title documents. The retention of such counsel, licensed real estate brokers, or such related services (excluding all sales fees), will be at the seller's or purchaser's own expense and shall not be included in the calculation of the Maximum Resale Price.

There shall be a minimum listing period of 90 days before the Maximum Resale Price of can be recalculated.

#### **ADVERTISING THE UNIT**

Program Administrator: At a minimum, the Program Administrator will advertise in two consecutive weekly editions of the Vail Daily, on the Program Administrator's website, on the Town of Eagle's website, and via email to all households that have completed the Homebuyer Application Form. The Program Administrator shall host a minimum of two open houses. The initial (2) two-week bid period ends on the Friday after the second week of advertising. If no bids are received during the initial bid period, there will follow consecutive one-week bid periods, ending on Friday, until the unit is sold.

Real Estate Broker: The sales broker must list the unit in the Multiple Listing Service with a co-op commission payable and must actively market the unit within Eagle County during the term of the listing. The seller shall immediately notify the Program Administrator upon listing the unit for sale and provide a copy of the listing agreement.

#### **INSPECTION PRIOR TO SALE**

The seller shall undertake a listing inspection by a listing inspector certified by the Program Administrator before executing a listing contract to determine the condition of the unit.

1. The seller shall pay for the cost of the inspection at the time of inspection.
2. The inspector shall furnish a written report to the seller and the Program Administrator.
3. This information shall be furnished to the purchaser as a part of the seller's property disclosure once a purchase contract has been executed.
4. The inspection will be valid for no more than 60 days.
5. The seller shall replace or repair any items that are identified as unsatisfactory in the report at market value or reduce the listing price accordingly.

#### **ADMINISTRATION FEES**

Unless otherwise set forth in the deed restriction, at the closing of the sale, the seller shall pay the Program Administrator, or its designee, an administration fee equal to 2% of the sale price. This fee offsets the administration and associated fees of selling the unit. The fee does not act as a direct commission for the Program Administrator or the Town.

1. Listing Deposit. The seller shall deposit 0.5% of the list price with the Program Administrator upon listing the unit for sale.
2. If the seller fails to perform under the listing contract, rejects all offers, or withdraws the listing after advertising has commenced, the seller shall not be refunded the listing deposit.
3. The listing deposit shall be considered a budgeted amount for advertising and administrative costs that will be incurred by the Program Administrator. If the Program Administrator incurs any additional costs, the seller will be notified in advance by the Program Administrator and shall be responsible for those additional costs.
4. The seller shall not permit any prospective buyer to assume any of the seller's customary closing costs, including the fees set forth herein, and shall not accept any other consideration that would increase the purchase price above a Maximum Resale Price to incent the seller to select a particular prospective buyer.

#### **MAXIMUM RESALE PRICE FOR PRICE CAPPED UNITS**

No owner of a Price Capped unit shall sell for an amount greater than the Maximum Resale Price.

The Maximum Resale Price will be calculated as follows:

Base Price (+) Appreciation of Base Price (+) Permitted Capital Improvements (-) Depreciation of Capital Improvements (+) Sales Fee = Maximum Resale Price.

#### **APPRECIATION ON PRICE CAPPED UNITS**

The annual appreciation rate shall follow the Denver-Aurora-Lakewood (formerly Denver-Boulder-Greeley) CPI. New CPI figures are published by the Colorado Department of Labor and Statistics twice a year. The most current data available will be used unless the deed restriction specifically references an alternative appreciation method or no measured appreciation. If the Denver-Aurora-Lakewood Colorado CPI ceases to exist, a comparable index will be used.

#### **APPRECIATION RATE**

There shall be no cap on the annual appreciation rate increase. The appreciation is calculated on the Initial Sales Price of the home (compounding interest) plus Permitted Capital Improvements.

#### **INCREASE TO BASE PRICE AND PERMITTED CAPITAL IMPROVEMENTS**

A selling owner may include the cost of Permitted Capital Improvements to the selling price of a unit for the duration of their ownership.

All Permitted Capital Improvements must be pre-approved in writing by the Program Administrator, properly permitted and inspected by the Town's Building Official. All Permitted Capital Improvements will be depreciated as applicable according to the National Association of Homebuilders/Bank of America Home Equity Study of Life Expectancy of Home Components or a similar resource.

<b>Permitted Capital Improvements</b>			
Replaced appliances	Washer/Dryer	Water heaters	Carpet/pad replacement
Laminate flooring	New garage door openers	Door locks (incl. smart)	Ceiling fans
Thermostats (incl. smart)	Permanent fitted window blinds	Health & safety protection	Gutters & downspouts
Heat tape	Exterior paint	Storm doors	Windows
Cabinets incl. vanities	Closet organization systems	Outdoor decks	Permanent irrigation system

Flooring & countertop upgrades incl. hardwood, stone, slate, granite, marble, tile, etc.	Trees and permanent landscaping incl. sod, concrete pads, concrete pavers, etc.	Light fixtures (electrical fixtures & wiring)	Plumbing fixtures incl. sinks & toilets
New fencing (replacements will be considered maintenance)	Permanent air conditioning units, swamp coolers, split units, or similar	Roof replacement to include asphalt roof shingles (single family & duplex only)	Full furnace replacement
Conversion of a carport to a completely enclosed garage	Conversion of surface parking into a carport or garage (if permitted under the Town codes)	Finishing an uninhabitable space if it is converted into a habitable room	Addition of a habitable room or storage space
Solar panels			

Items that are NOT Permitted Capital Improvements.
<ul style="list-style-type: none"> <li>• All work performed without the issuance of a building permit.</li> <li>• Jacuzzis, saunas, steam showers, hot tubs, etc.</li> <li>• Maintenance, cleaning, painting, or improvements to existing mechanical systems, fixtures, appliances</li> <li>• Decorative items including window coverings, lamps &amp; lightings not affixed to walls or ceilings, bathroom towel bars, hooks, etc.</li> <li>• Removable items not attached to the unit</li> <li>• Gas or electric fireplaces</li> <li>• Security and smart home systems</li> <li>• Cost of tools and equipment rental</li> </ul>

For an owner to request Permitted Capital Improvements be added to the Maximum Resale Price, owners must retain original receipts and invoices. Additionally:

1. A written request must be submitted to the Program Administrator at least 21 days prior to initiating the work. Emergency repair work needed to ensure the health and safety of the unit occupants may be expedited to less than 21 days upon review and written and approval of the Program Administrator.
2. Upon completing the work, the following must be submitted to the Program Administrator:
  - a. Legible copies of receipts for materials and or invoices for purchases.
  - b. Proof of payment by a third party and itemized invoice receipt for work performed.
3. In calculating the costs allowed as Permitted Capital Improvements, the owner's actual out-of-pocket costs and expenses shall be eligible for inclusion.
4. Work that requires and is performed without the issuance of all required building permits or HOA approval will not be eligible for credit.
5. The value of the Permitted Capital Improvements will be added to the appreciated value of the unit at the time of sale. No appreciation is allowed on Permitted Capital Improvements.
6. Other improvements to the unit are allowed, but adjustments to the Maximum Resale Price will only be made for Permitted Capital Improvements.
7. If a Permitted Capital Improvement performed on the unit is removed or is no longer operational, the actual cost of the improvement shall be deducted from the unit's Permitted Capital Improvement allowance.
8. No Permitted Capital Improvement shall be removed from the unit prior to sale, unless it is replaced with a like kind or better Permitted Capital Improvement.

## **SECTION 7: OCCUPANCY**

### **MAINTAINING OCCUPANCY**

All LERP units shall be continuously occupied by a Qualified Household.

### **ANNUAL VERIFICATION – FOR-SELL UNITS**

On an annual date set by the Program Administrator, the owner shall submit a compliance verification form stating that the owner continues to meet employment and residency requirements, as applicable. Failure to provide information as required may result in forfeiture of appreciation, a sale mandated by the Program Administrator, or any other available remedy at law or equity.

### **ANNUAL VERIFICATION – RENTAL UNITS**

The property manager of deed restricted rental units must annually verify that the tenants comply with the deed restriction, and submit the following information:

1. A list of tenants who occupied the unit in the prior calendar year and the evidence, submitted by such tenants to establish that they were part of Qualified Households; and
2. A copy of each tenant's executed lease.

The property manager shall maintain all tenant records with respect to the use and occupancy of the unit for at least 3 years following the tenant's vacation of the unit.

### **LEAVE OF ABSENCE (LOA)**

A leave of absence may be granted at the sole discretion of the Program Administrator, subject to clear and convincing evidence that shows the reason for leaving and a commitment to return. Said evidence shall be in written form and presented to the Program Administrator for review and decision prior to the start of the absence. The leave of absence shall not exceed one year, but may, at the discretion of the Program Administrator, be extended up to one additional year, provided that in no event shall it exceed two years. In the case of an approved leave of absence, the owner or property manager shall only rent to a Qualified Household.

## **SECTION 8: COMPLIANCE**

### **FAILURE TO COMPLY**

In the event any individual or entity fails to comply with any of the restrictions, the Program Administrator may take all action permitted by law and the Deed Restriction.